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Division of Information

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Reserve

THE EVER-NORMAL GRANARY IN EMERGENCY AREAS

Misinformation about the purposes of the Ever-Normal Granary has led some persons to believe that this program reacts against the interests of farmers in deficiency corn-producing areas by placing a floor under corn prices so high that farmers in these areas cannot afford to purchase corn, even though it is stored near their farms. This assumption is incorrect.

The Loan Program Helps Deficiency Areas

The corn loan program, which is a most important part of the Ever-Normal Granary, is designed to balance corn supplies with demand, thus assuring a stabilized corn price. It prevents extremely low prices that encourage over-production of livestock. It also protects farmers from the extremely high prices that cause such hardship in years of below-normal production.

To make corn available to farmers in deficiency areas at prices below the loan level would encourage expansion of livestock numbers and eventually would mean lower livestock prices for farmers throughout the country. Livestock produced with this low-priced feed would undoubtedly at some future date go into competition with livestock products which had not had similar assistance. Experience has shown that, in the long run, producers in deficiency areas suffer more from low livestock prices than do feeders in surplus-producing areas, since their income problem is much more acute.

Corn stored in the Ever-Normal Granary gives livestock farmers in deficit areas a protection that was never available before the program was in effect. It has made an abundance of corn available at fair prices of about 65 cents per bushel, in contrast with prices as high as \$1.25 per bushel which forced many farmers to liquidate foundation livestock following the 1934 and 1936 droughts.

Program In Deficiency Areas

The Department of Agriculture has several programs that are of aid to farmers in deficiency areas--both those where there has been persistent drought for several years and those where one-year emergencies are created by flood, hail, or other disasters.

The AAA program itself, through payments for soil conservation and parity, contributes greatly to incomes of farmers in these areas.

The Farm Security Administration has a loan and grant program for farmers who no longer hold title to their property but need credit to carry along livestock to maintain their families.

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The Farm Credit Administration, through its emergency feed and seed loan programs, is prepared to make loans to farmers for the purchase of feed to carry their foundation livestock.

Export Subsidy on Corn

Misunderstanding has also led some persons to conclude that the subsidized export sale of about 25 million bushels of corn to Great Britain was unfair and detrimental to farmers in deficiency corn areas.

This sale abroad at a price below the price available to farmers in this country was not detrimental to American farmers, since the corn sold was removed from competition in the home market. The effect of the sale, although slight, could only be to strengthen domestic corn prices.

Neither was this sale unfair to American farmers. There was then and is now an abundance of corn in this country, and our exports, both of corn and of livestock produced from corn, have been sharply curtailed by the war.

Great Britain was in the market for corn and preferred to buy it in the United States, where it could be more easily convoyed to Europe. However, the British were prepared to buy from Argentina if a comparable price could not be obtained here. Accordingly, the Federal Surplus Commodities Corporation arranged to sell the corn at a reduced price.

